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June 18, 1993

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

Re: CC Docket No. 92-237

Dear Ms. Searcy:

By this letter the Ad Hoc Telecommunications Users Committee (Ad Hoc Committee) responds to the ex parte letter to you dated May 27, 1993 in the above-captioned matter from Nancy C. Woolf, counsel for Pacific Bell. Pacific Bell's letter responded to the May 6, 1993 joint letter from a number of parties urging the Commission to initiate a rulemaking proceeding on an expedited basis to review the patchwork of dialing plans that have been proposed by local telephone companies in connection with the forthcoming (January 1, 1995) implementation of "Interchangeable NPA codes," and to consider specifically a proposal under which local and toll calls could be readily and consistently distinguished by the absence or presence, respectively, of the prefix digit "1". Pacific, by contrast, states that it is pursuing a so-called "Statewide Uniform Dialing Plan" in which all home NPA calls (local or toll) would be dialed on a 7-digit basis, and all foreign NPA calls (local or toll) would be dialed on an 11-digit basis (a "7/11" format).

In that regard, Ad Hoc agrees with and fully supports one of Pacific's conclusions - that "[a]bsent full and fair participation in a proceeding by all affected parties, no decision regarding [Ad Hoc's] proposal should be made." Indeed, our request that a rulemaking be initiated goes precisely and directly to this point. However, with that one exception, the balance of Pacific's letter contains numerous misstatements of fact and mischaracterizations of the Committee's plan, and thus a detailed response is required at this time. A response is needed because Pacific's letter attempts to cloud the record and retard initiation of the requested rulemaking -- a rulemaking that is urgently needed.

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**Future area code splits**

Pacific contends that Ad Hoc's plan, which requires that adjacent NPA codes not be assigned as central office codes in an NPA, would interfere with future area code splits where the newly-assigned NPA has already been used as a CO code. Pacific's concern would, of course, be well-taken if the process of assigning new area codes were a random, chaotic and uncoordinated affair. Indeed, even if that characterization were accurate today (and Ad Hoc does not contend that it is), it need not be the case in the future. A total of 640 new area codes will become available in 1995, and through appropriate planning and projection of demand, specific codes can be readily "earmarked" for assignment in individual areas so that the LECs serving such areas can avoid assigning those same sequences as central office codes. As was previously noted in CONAP's Initial Comments and in the May 6, 1993 joint ex parte letter, the assignment as CO codes of adjacent NPA code sequences is expressly discouraged by Bellcore's North American Number Plan Administrator (NANPA), and the plan proposed in the May 6, 1993 joint ex parte letter is fully consistent with NANP's specifications.

Perhaps Pacific's concern with respect to future area code splits is that the present NANPA, housed within Bellcore, is not up to the task of managing future NPA assignments in a manner ~~that can be coordinated with the local number assignment~~

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This ability to distinguish between calls subject to local rate treatment and those subject to toll charges has long existed throughout the country; it is Pacific, not Ad Hoc, that would create confusion for its customers by eliminating this capability.

That confusion exists as to when a call is subject to toll treatment is underscored by Pacific's letter itself, which incorrectly describes the local/toll distinction as it presently exists under Pacific's own rate structure in California. Pacific states that "[i]n California, local calling is limited to 12 miles from the originating location." This is incorrect except in certain non-metropolitan areas. For the overwhelming majority of Pacific Bell subscribers (i.e., for those in the Los Angeles/Ventura/Orange County, San Francisco/East Bay/San Jose, San Diego, and Sacramento metropolitan areas) local rate treatment applies for all calls within a 16-mile radius of the subscriber's home exchange. Calls within 12 miles and all intraexchange calls irrespective of distance are subject to local "Zone 1" rate treatment; usage is measured for all business subscribers, but residential subscribers may order flat-rate service on an optional basis. Metropolitan area calls within the 13-16 mile band are rated as Zone 3 local calls, and are subject to higher initial and additional minute charges than Zone 1 calls. Interexchange calls covering distances in excess of 16 miles are rated as toll.

Besides determining the amount of the charge, if any, that the customer must pay for any given call, customer knowledge as to the status (local vs. toll) of intraLATA calls in California will soon become an important factor in their ability to exercise competitive choices. Currently pending before the California PUC, in its Investigation 87-11-033, Implementation and Rate Design ("IRD") phase, is a proposal supported by Pacific (and which the CPUC is expected to approve) in which intraLATA toll service would be opened to competitive entry by interexchange carriers (IXCs) whereas calls subject to local rate treatment would remain the exclusive monopoly domain of the LEC. Under this rule, customers could not place calls via an IXC to any point for which local rate treatment applies, whereas toll calls over 16 miles could be routed via a competitive carrier. However, because Pacific is not being required to offer IXC presubscription for intraLATA toll calling even after competitive entry is authorized, the only way in which a customer could actually route an intraLATA toll call via an IXC would be on a 10XXX basis - and that would, of course, require that the customer know that the call in question is in fact a toll call.

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Clearly, if Pacific is concerned that "[c]ustomers would need to know whether they were making a call in the free local area or a toll call," then Pacific must believe that customers do not always know whether they are making a call in the free local area or a toll call. In the absence of interexchange carrier presubscription for intraLATA toll calls, that "confusion" clearly works to Pacific's advantage: If a customer does not know that a given call is a toll call, then the customer will not know that the call in questions can be routed via an interexchange carrier even if the IXC's price is less than Pacific's toll charge. While exclusive control of "1+" for intraLATA calling affords the LEC an enormous market advantage, the elimination of the "1+" and the removal of any consistent means by which a customer can determine whether or not competitive alternatives exist likely converts that "advantage" into a nearly insurmountable market barrier that will frustrate long-standing efforts by the FCC and by many states to encourage and facilitate a robustly competitive telecommunications marketplace. Pacific's staunch defense of its "7/11" dialing format is likely motivated, at least in part, by these competitive market considerations.

#### Costs of alternative dialing plans

While Pacific now urges the FCC to take no action on Ad Hoc's proposal "[a]bsent full and fair participation in a proceeding by all affected parties," Pacific has never been willing to expose its own self-serving plan to similar debate and scrutiny. Pacific's letter states that it "has worked closely with ... 20 other LECs, and the California Public Utilities Commission, to institute the Statewide Uniform Dialing plan that is underway." In fact, this so-called "plan" has never been formally proposed to the CPUC or considered by that agency in a forum that would allow the same type of "full and fair participation in a proceeding by all affected parties" that Pacific now wants the FCC to assure with respect to anything that it did not itself invent. Pacific states that it has "already sent letters to PBX vendors and customers, alarm companies, COPT vendors and customers, deaf and disabled customers, LECs, Paging and Cellular companies, and [that it is] in the process of notifying [its] residence and business customers of the dialing plan changes." Significantly, these notices are uni-directional; to the best of our knowledge, Pacific has never sought - nor provided any vehicle through which to receive - any input from any of the recipients of these notices with respect to any dialing plan changes.

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Pacific states that "the Ad Hoc proposal will entail great cost to the LECs." What Pacific - and its sister LECs - have never considered is the fact that their proposal will entail far greater costs to everybody else! Pacific states that "every LEC switch in the network will need to be revised." Perhaps, but there are probably a hundred or more times as many customer switches that will have to be revised and continuously maintained with respect to code tables under the "7/11" approach advocated by Pacific. Moreover, LECs are far better equipped than customers to perform these functions; imposing these costs on PBX and other CPE users and non-LEC telecommunications providers results in a deadweight loss to the US economy that diverts resources that could be better directed at improving our nation's productivity and competitiveness.

Pacific has mischaracterized the parties joining in the May 6 letter as "a special interest group of PBX vendors (and their users)" seeking to "escape their responsibilities to keep CPE up to date for network changes and new code openings." Contrary to Pacific's assertion, none of the parties concurring in the May 6 letter are "PBX vendors;" indeed, PBX vendors may be the only interest group that might support the Pacific plan, in that it would provide them with a continuing source of revenue over an extended period of time. And Pacific's suggestion that § 68.216 of the Commission's Rules requires CPE vendors to perform these functions is both inaccurate and misplaced. Even if § 68.216 did impose a requirement that CO code tables be maintained in CPE, which it does not come even close to doing, that would still not respond to the matter of relative cost impact and overall cost minimization. There is no valid reason why inordinately high costs and burdens should be imposed upon consumers - business and residential alike - merely because the LECs would like to avoid a much smaller cost burden on themselves. If Pacific and other LECs cannot act responsibly to examine the overall cost impact of their own dialing plans, it is the Commission's responsibility to do so.

The urgent need for prompt action

In their May 6 letter, the parties emphasized that time was of the essence in resolving the dialing plan issue, because prolonged administrative delay would require that customers incur costs to prepare for the LEC "7/11" format even if the Commission were ultimately to adopt the Ad Hoc proposal.

Pacific's May 27 letter underscores the need for prompt action by raising another time sensitive concern not addressed in


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our May 6 letter - that of customer notification. Pacific notes that adoption of the Ad Hoc plan would require "notifying all customers as to a new dialing system, as well as changing coin phone instruction cards, LEC directory pages, calling cards, and requiring business customers (such as hospitals and hotels) to reissue their printed materials for customer dialing instructions." All of these activities require sufficient lead time; in particular, the printing of LEC telephone directories, usually done on an annual cycle, would imply a resolution of this issue by the end of 1993 at the latest.

We share Pacific's concerns with respect to assuring adequate time to prepare for any change in the dialing plan, and for that reason reiterate our request that a rulemaking proceeding be initiated at the earliest possible date.

Sincerely,



James S. Blaszak  
Counsel For Ad Hoc  
Telecommunications Users  
Committee